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Capital formation, world defense, CIA topics of association speeches

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Texas Mid-Continent Oil & Gas Association members received advice about capital formation, a quick world defense tour and an assurance that the Central Intelligence Agency was sound from three eminent Americans Friday.

Those subjects were the main topics of the three speakers at the association's 57th annual meeting at the Hyatt Regency. The members in general session heard Peter G. Peterson, former secretary of Commerce; U.S. Sen. Barry Goldwater, R-Ariz.; and George Bush, CIA director.

Bush said that he expected to find the intelligence organization demoralized by criticism when he took over in November.

Instead, he said, "I have never been surrounded by so much professionalism, so much unselfish dedication and so much patriotism as I am now as head of the Central Intelligence Agency."

His statement drew applause from his audience. He also drew applause when he told his listeners:

"We would be stupid to give up covert operations, and we are not going to do it as long as I have anything to say about it."

While covert intelligence makes up only two per cent of the CIA budget, Bush said, it is necessary because "not everybody is going to play by Marquis of Queensbury rules."

He said these covert actions are taken only after consultation with the President and briefings to a congressional oversight committee.

Goldwater began his remarks by telling his audience that Bush had been his first choice for President Ford's running mate this year.

Among his comments about world defense situations, he said:

■ In the event of a nuclear attack by the Russians, the right should be granted U.S. forces to use tactical nuclear weapons without waiting for White House approval;

■ Given the chance, Eastern European countries would probably ally with the United States in the event of a war against Russia.

■ Mao Tse-tung was a "cheap, crooked pirate," but his death creates an opportunity for civil strife that could eventually bring the Soviet Union into China.

■ The Indian Ocean, surrounded by nations unfriendly to the U.S., is the "important strategic point in the world today."

■ It could be 200 years before African governments begin to stabilize.

Goldwater also touched on the American

can economy, saying vertical divestiture of oil companies would be "the beginning of socialism."

He avoided making political remarks, but at one point told his audience:

"If we elect the wrong combination — and you can draw your own conclusions — I will give this country five years with its present economic system."

He told the association members not to "hold their punches" when testifying about oil matters before Congress.

Peterson, who served in the cabinet during the first Nixon term and is now chairman of a New York investment banking firm, said the formation of capital has received an improperly low rating among national goals in the United

States.

Illustrating his point, he said a lengthy publication of a Brookings Institute study entitled "Setting National Priorities in the Next Ten Years" dwells on distribution and redistribution of wealth while spending little time on the creation of wealth.

The growing number of Americans into the labor market, the demands for development of high-capital fields and the increasing costs of energy combine to pose a threat of a capital shortage in the coming years, he said.

He suggested that a tax reduction might be a positive step toward capital formation and said the only alternative to creating wealth would be "more and more wanton federal spending."